



ADU White Paper

Updated September 6, 2024

Submitted by CommUnity Solutions Consulting



# ABOUT THE MOUNTAIN HOUSING COUNCIL OF TAHOE TRUCKEE

The Mountain Housing Council of Tahoe Truckee, a project of the Tahoe Truckee Community Foundation, is a regional coalition of diverse stakeholders working to accelerate solutions to achievable local housing. Over the past three years, these 29 partners have joined together to identify innovative policies, programs, and funding to create solutions for much needed locals' housing.

## PARTNER SUPPORT

**The following Mountain Housing Council Partners support the research in this White Paper.**

Community Collaborative of Tahoe Truckee	Tahoe Forest Hospital District
Contractors Association of Truckee Tahoe	Tahoe Prosperity Center
Mountain Area Preservation Nevada County	Tahoe Regional Planning Agency
North Lake Tahoe Resort Association	Tahoe Sierra Board of Realtors™
North Tahoe Public Utility District	Tahoe Truckee Community Foundation
Placer County	Tahoe Truckee Unified School District
Sierra Business Council	Town of Truckee
Sierra Community House	Truckee Chamber of Commerce
Squaw Valley   Alpine Meadows	Truckee Downtown Merchants Association
Squaw Valley Public Service District	Truckee North Tahoe Transportation Management Association
Sugar Bowl Resort	Truckee Tahoe Airport District
Tahoe City Public Utility District	Vail Resorts / Northstar California



**FIGURE 1 ►**  
**Geographic Scope of Mountain Housing Council**

## ACKNOWLEDGEMENTS

The Mountain Housing Council of Tahoe Truckee would like to thank those who contributed data, construction and lending costs and options, development, and review of the updated Accessory Dwelling Unit White Paper.

### Local Jurisdictions

- Emily Setzer, Placer County
- Alyssa Bettinger, Tahoe Regional Planning Agency
- Lynn Baumgartner, Town of Truckee
- Anika Kimme, Town of Truckee

### Community

- Dr. Thomas Powell

### Business and Nonprofit Corporations

- Aaron Hinson, Luna Lending
- Tau Loving, Build Zoom
- Anthony Dedousis, Revival Homes
- Jennifer Duffy, Hello Housing/Hello ADU
- Celeste Goyer, Casita Coalition

### Other Local Data Sources

- Sierra Sun ADU Survey
- Interviews with Property Owners
- Interviews with ADU Owners and Renters

### Report Production Team

- CommUnity Solutions Consulting
- Tahoe Truckee Community Foundation

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## I. PURPOSE OF THE UPDATED STUDY

Accessory Dwelling Units (ADUs) have emerged as a pivotal strategy for addressing housing shortages across many parts of the United States, particularly in California. This trend is driven by several key factors including:

- ADUs are affordable by design, allowing projects to be financially feasible with lower rental rates.
- These units can be developed and constructed within shorter timeframes compared to larger housing projects.
- Built within existing neighborhoods, ADUs are designed to accommodate residents, enhancing community cohesion.
- ADUs offer a low-density alternative to more intensive development projects, providing a balanced approach to increasing housing supply.
- ADUs can vary in size, making them suitable for different needs, from individuals to small families, adapting to diverse residential requirements.
- By renting out ADUs, homeowners can generate extra income, aiding in offsetting mortgage or maintenance costs.
- ADUs often require fewer resources to build and maintain compared to new, larger constructions, promoting greener living solutions.
- Adding an ADU can increase the overall value of the property, offering a good return on investment.

The state of California has passed several legislative measures to streamline the approval process and reduce barriers for ADU construction, reflecting a strong governmental endorsement of ADUs as a tool for alleviating housing pressures. These factors collectively underscore the role of ADUs in expanding access to affordable housing, making them a critical component of urban and suburban housing strategies.

This white paper, prepared for the Mountain Housing Council, serves as a crucial analysis of ADUs since the initial publication in early 2020. The original paper presented a comprehensive overview of data and legislation concerning ADUs up to that point. Since then, significant legislative changes and the introduction of new incentives at both state and local levels have substantially altered the landscape of ADU development and implementation.

## II. WHY UPDATE THE ADU WHITE PAPER NOW?

This update aims to capture these critical shifts, providing stakeholders with a current understanding of how recent legislation and incentives have impacted ADU practices. The document captures significant changes and introduces new insights to guide policy and development strategies. Key aspects covered in this paper include:

1. **Legislative Updates:** Analysis of significant legislative changes at state and local levels since 2020, detailing how these have reshaped the ADU landscape.
2. **Impact of New Incentives:** Examination of new incentives and their effectiveness in promoting ADU development, compared with initial expectations and objectives.
3. **Comparative Analysis:** Insights from other California communities' ADU initiatives, offering parallels and distinctions to enhance local strategies.
4. **Current ADU Data:** Presentation of the latest data from local land use agencies to provide a factual basis for understanding ADU trends and outcomes.
5. **Barriers and Solutions:** Discussion of ongoing challenges in ADU construction and potential solutions to overcome these barriers.
6. **Enhanced Incentives:** Review of existing incentives and suggestions for additional measures to encourage ADU development.

Additionally, the paper seeks to evaluate the effectiveness of these measures, contrasting them with the expectations and objectives outlined in the original document. By doing so, this update will not only inform ongoing policy discussions but also guide future actions to support sustainable housing solutions in the region.

## III. WHO IS THIS STUDY FOR?

- Builders and Developers
- Community Members
- Elected Officials
- Employers
- Financial Institutions
- Homeowners
- Homeowners Associations
- Local and Regional Government Officials
- Real Estate and Insurance Professionals

- Special Districts

#### IV. DEFINITIONS:

##### ACCESSORY DWELLING UNIT

An Accessory Dwelling Unit, or ADU (also referred to as a second unit, in-law unit, granny flat, residential unit, or guest suite) is defined by California Government Code Section 66313 as “an attached or detached residential dwelling unit which provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated.” For local jurisdiction definitions, slightly different from state.

According to the California Department of Housing and Community Development (HCD), ADU types include the following:

- **Detached:** The unit is separated from the primary structure.
- **Attached:** The unit is attached to the primary structure.
- **Converted Existing Space:** Space (e.g., master bedroom, attached garage, storage area, or similar use, or an accessory structure) on the lot of the primary residence that is converted into an independent living unit.
- **JADU:** A specific type of conversion entirely within an existing single-family residence or component of a proposed single-family residence that is no larger than 500 square feet and includes a separate entrance from the existing or proposed single-family residence.



## AREA MEDIAN INCOME

Area Median Income (AMI) in California is defined as the midpoint of a region's income distribution - half of the families in an area earn more than the AMI, and the other half earn less. It's a statistical measure used by various government and private entities to determine eligibility for affordable housing programs, including both rental and homeowner opportunities. The AMI for each county nationwide is calculated annually by the U.S. Department of Housing and Urban Development (HUD) and is adjusted for family size and occasionally for unusually high or low costs of living in specific areas.

California's diverse economy and varying cost of living across different regions mean that AMI can differ significantly from one area to another. For example, the AMI in metropolitan areas like San Francisco or Los Angeles will be much higher compared to rural areas. This adjustment helps to ensure that housing programs and initiatives are tailored appropriately to the financial reality of residents.

Examples of HUD's calculations:

Nevada County AMI for a family of four: \$104,200 (2024)

Placer County AMI for a family of four: \$113,300 (2024)

## AFFORDABLE HOUSING

The U.S. Department of Housing and Urban Development (HUD) defines affordable housing as housing for which the occupant(s) is/are paying no



more than 30% of their income for gross housing costs, including utilities. This benchmark is widely used to assess the affordability of housing, as spending more than 30% of income on housing costs is considered a financial burden, potentially leaving insufficient income for other necessities such as food, clothing, transportation, and medical care. HUD's definition applies to both renters and homeowners. For renters, the calculation typically includes rent plus utility costs. For homeowners, it generally includes mortgage payments, property taxes, insurance, and utilities.

HUD categorizes income ranges using specific definitions based on the Area Median Income (AMI) of a particular area. These categories are essential for determining eligibility for various housing programs. Here are the primary income categories defined by HUD:

- **Extremely Low Income:** Households earning 30% or less of AMI.
- **Very Low Income:** Households earning between 31% and 50% of the AMI.
- **Low Income:** Households earning between 51% and 80% of the AMI.

The income levels used by HUD and California's Department of Housing and Community Development (HCD) are based on the same basic concept of Area Median Income (AMI) but are often adjusted differently to reflect local economic conditions, especially given California's diverse and generally higher-cost housing markets.

While HCD also uses AMI to define income categories, the thresholds can vary more specifically within California due to state legislation and the higher cost of living. For example, California often considers regional economic variations more deeply, which can lead to slightly different categorizations or more specific income limits tailored to individual counties or metropolitan areas. Additionally, California might include additional categories like:

- **Moderate Income:** Typically defined as 81% to 120% of AMI, which is particularly relevant in California where median incomes and housing costs are high.
- **Above Moderate Income:** In California, the term "above moderate income" refers to households earning more than 120% of the Area Median Income (AMI). This classification is especially significant in the context of California's diverse and high-cost housing market.

Above moderate-income households are generally considered to have greater financial flexibility compared to lower income brackets, but in high-

cost areas, even these households can face affordability challenges. Several jurisdictions throughout California have expanded the definition of affordable housing to include above moderate-income categories due to challenges with affordability.

## **WORKFORCE HOUSING**

In California, the term "workforce housing" is often used interchangeably with "affordable housing," although it specifically targets a distinct income bracket. Workforce housing generally caters to individuals and families earning between 80% and 120% of the Area Median Income (AMI). This range aims to support middle-income workers—such as teachers, nurses, and first responders—who earn too much to qualify for traditional low-income housing but too little to afford market-rate housing in high-cost areas.

The concept emphasizes the need to provide housing options that are financially attainable for essential community workers, allowing them to live near their places of work to reduce commuting times and enhance local economic stability. This housing segment is crucial in California, where the disparity between income levels and housing costs is particularly pronounced, highlighting the state's ongoing efforts to bridge the gap through various legislative measures and housing initiatives.

## **ACHIEVABLE HOUSING**

In the Tahoe area, the term "achievable housing" has been specifically developed to address the diverse and unmet housing needs across a broad income spectrum, including middle-income earners who are often described as the "missing middle". This category was created by the Mountain Housing Council (MHC) and is distinct from traditional "affordable housing". MHC defines achievable housing as "housing that meets the traditional definition of "affordable," targeting the low-income community members (80% AMI) in our community and incorporates housing for local community members who earn more than 80% AMI, but still cannot afford market-rate housing in our region. Since market forces and AMI change frequently, the upper limit of Community Achievable Housing shall be tied to an annual housing needs assessment. Moving forward, local jurisdictions are encouraged to determine how to implement Achievable Local Housing in their own jurisdiction."

## **DEED RESTRICTIONS**

Deed restrictions place conditions on the deed to a property setting out certain limits or acceptable uses. The conditions, also known as covenants,

“run with the land” and as a result bind current and future homeowners. Deed restrictions have been used for years by developers and condominium associations, typically to place limits on home size or aesthetic choices, for example, limiting the choices of acceptable exterior paint colors of homes within a subdivision. Local governments and non-profits have also adopted the tool as a method of preserving affordable homeownership. To do so, deed restrictions are placed on the property that limit the terms of future sales to maintain affordability for subsequent buyers.

Deed restrictions are used in California to support workforce housing in several ways including:

- **Limiting Resale Prices:** Deed restrictions typically prescribe a formula that caps the resale price of homes, ensuring they remain affordable for future buyers within specified income brackets.
- **Defining Eligible Buyers:** These restrictions often set income limits for prospective buyers, generally targeting those earning at or below certain percentages of the Area Median Income (AMI), to ensure the homes are sold to those most in need of affordable housing.
- **Maintaining Property Usage:** Deed restrictions may require that homes be used as primary residences by the owners and not as investment properties, which helps keep the homes in the hands of local workers.
- **Long-Term Affordability:** The restrictions are usually set for extended periods, such as 30 to 55 years, and can be renewed with each sale, maintaining long-term affordability.
- **Compliance and Enforcement:** Effective enforcement mechanisms are put in place to ensure that deed restrictions are adhered to over time, which may include regular monitoring and legal measures to prevent circumvention of the rules.

## **ADU INCENTIVES**

Incentives for ADUs are benefits or concessions offered by local governments or other entities to encourage the development and construction of ADUs. These incentives are designed to address housing shortages and improve affordability by making it easier and more financially feasible for homeowners to add secondary units to their properties. Here are common types of incentives applied to ADUs:

1. **Fee Waivers or Reductions:** Waive or reduce impact fees, permitting fees, or utility hookup fees associated with the construction of ADUs. These fees can represent a significant portion of the total cost of building an ADU, so reducing them can lower the barrier to entry for many homeowners.
2. **Expedited Permitting:** Streamlined or expedited permitting processes for ADUs. This can significantly reduce the time and complexity involved in getting approval to build an ADU, encouraging more homeowners to undertake such projects.
3. **Increased Density Bonuses:** In some cases, local zoning laws provide density bonuses for properties that include ADUs. This can allow property owners to add more living space than would otherwise be permitted under local zoning regulations.
4. **Property Tax Incentives:** Not reassessing the main property's value when an ADU is added, which keeps property taxes lower than they might otherwise be after development.
5. **Grant and Loan Programs:** Some jurisdictions offer grants and/or low-interest loans to homeowners to cover part of the costs of constructing an ADU.
6. **Zoning Adjustments:** Relaxing certain zoning laws, such as setback requirements, height limits, and parking requirements can facilitate the construction of ADUs by reducing regulatory barriers.

These incentives are part of broader strategies to increase affordable housing stock, support multigenerational living, and utilize existing land more efficiently without the need for extensive new infrastructure. Each jurisdiction might have different incentives based on local housing needs, policy goals, and budget allocations.

## **ADU ZONING**

Each local government agency is charged with writing and enforcing regulations around ADUs — where they can be built, how big, use, parking, etc. In the North Tahoe-Truckee region, the four local government agencies that regulate what can and cannot be built and how are Nevada County, Placer County, Town of Truckee, and TRPA. Each agency has slightly different rules around ADUs, but all local governments must comply with state laws except TRPA because of its status as a bi-state agency.

## V. CALIFORNIA ADU LAWS

Since 2021, California has enacted several pivotal state laws aimed at expanding the development and accessibility of Accessory Dwelling Units (ADUs) to address the critical housing shortage and improve housing affordability. These laws, including significant bills like SB 9 and AB 2221, have been designed to streamline the permitting process, reduce barriers, and provide more flexibility in ADU construction.

SB 9, for instance, allows property owners to split single-family lots to build additional units, fundamentally changing the landscape of residential zoning to support higher density. Meanwhile, AB 2221 made technical amendments to ease ADU construction, including modifications to height limits and setbacks, and clarifying the application review timelines to enhance efficiency.

These legislative efforts reflect a broader state strategy to facilitate the integration of ADUs into existing neighborhoods, thereby bolstering the housing supply, and offering more affordable housing options within urban and suburban communities. The specifics of these laws are detailed below, illustrating how they facilitate ADU development and the nuanced reactions from various local jurisdictions.

**TABLE 1 – APPROVED STATE ADU LAWS (AS OF JANUARY 1, 2021)**

<b>Law</b>	<b>Effective Date</b>	<b>Purpose</b>	<b>Link to Legislation</b>
AB 345	January 1, 2022	Local agencies are required to allow ADUs developed by a qualified nonprofit corporation to be sold or conveyed separately from the primary residence under certain circumstances which include satisfying all the conditions set forth	<a href="https://www.boe.ca.gov/proptaxes/pdf/lta21056.pdf">https://www.boe.ca.gov/proptaxes/pdf/lta21056.pdf</a>

		in Government Code Section 65852.26 (a)(1)-(5).	
AB 3182	January 1, 2022	HOAs can no longer adopt or enforce a covenant code or restriction (CC&R) that prevents less than 25 percent of properties within a CID from being used for rental purposes.	<a href="https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB3182">https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB3182</a>
SB 9	January 1, 2022	SB 9, also known as the California Housing Opportunity and More Efficiency (HOME) Act, was passed to address the state's housing shortage by making it easier to develop more housing units on existing single-family lots.	<a href="https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB9">https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB9</a>
AB 916	January 1, 2023	This bill eliminates the requirement for public hearings to convert existing spaces such as garages, attics, and basements into additional bedrooms.	<a href="https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB916">https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB916</a>
AB 2221	January 1, 2023	Enacted to streamline and clarify the regulations surrounding the development of ADUs, including detached garage conversion and front setback changes. Local agencies must approve or deny ADU applications within 60 days of a 'completeness determination' and provide detailed feedback on how to remedy any deficiencies.	<a href="https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2221">https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB2221</a>
SB 897	January 1, 2023	Passed to streamline the process to develop ADUs, including requiring design standards that are objective, increased height limits for certain ADUs, clarification of fire sprinkler installation triggers, and additional parking exemptions. Prohibits	<a href="https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB897">https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB897</a>

		denials based on unpermitted work on the property or non-compliant zoning unless necessary for health and safety. Establishes a simplified approval process for ADUs created prior to 2018.	
AB 561	January 1, 2023	Establishes the 'Help Homeowners Add New Housing Program' to facilitate financing for ADUs. Encourages financial institutions to provide construction loans for ADUs and JADUs by offering protections against losses from defaults.	<a href="https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB561">https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB561</a>
AB 1332	January 1, 2023	By January 1, 2025, all cities and counties must establish a program for pre-approved ADU plans ensuring timely review and approval of these plans within a 30-day timeframe.	<a href="California-2023-AB1332-Amended.html">California-2023-AB1332-Amended.html</a>
AB 1033	January 1, 2024	Allows property owners in participating cities to construct an ADU on their land and sell it separately following the same rules that apply to condominiums. Local governments need to opt in to this approach and enact a process that complies with State subdivision standards.	<a href="https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1033">https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1033</a>
AB 976	January 1, 2024	Permanently extends the ability of property owners to build ADUs by extending the rental unit provisions of 2020's AB 881 which expire in 2025. AB 976 removed the sunset provision and made it permanent.	<a href="https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB976">https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB976</a>
AB 434	January 1, 2024	Authorizes HCD to report local agencies to the Attorney General for Housing Elements that are not in compliance with State legislation,	<a href="https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB434">https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB434</a>

		including ADU regulations, and allows the Attorney General to bring a suit against the local agency.	<a href="#">ient.xhtml?bill_id=202320240AB434</a>
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## VI. CALIFORNIA ADU INCENTIVES (NON-LEGISLATIVE)

In addition to legislative measures, the State of California has offered various non-legislative incentives to promote the construction and legalization of Accessory Dwelling Units (ADUs). These incentives have aimed to support homeowners through financial aid, technical assistance, and streamlined processes.

- CalHFA ADU Grant Program - Provides up to \$40,000 in grants for predevelopment and non-recurring closing costs to assist homeowners in building ADUs.
- Local Early Action Planning (LEAP) Grants - Grants to local jurisdictions for housing planning and ADU ordinance development or improvement.
- Regional Early Action Planning (REAP) Grants - Grants to regional entities for housing planning activities and establishing pro-housing policies, including ADU promotion.
- SB 2 Planning Grants - Grants to local governments to encourage ADUs and innovative building types through fee waivers, pre-approved plans, and zoning clearance assistance.
- Community Development Block Grant Program (CDBG) - Federal funds allocated to non-entitlement jurisdictions for community development activities, including ADU planning and rehabilitation.
- Local Housing Trust Fund (LHTF) Program - Matching funds to local and regional housing trust funds for the construction, conversion, repair, or rehabilitation of ADUs.
- Technical Assistance - Provides technical assistance to reduce costs and streamline the building process for homeowners.

## VII. LOCAL ADU ZONING CODE AND INCENTIVES

In response to evolving state laws aimed at addressing California's housing crisis, local governments in the North Lake Tahoe-Truckee region, including Placer County, Nevada County, the Tahoe Regional Planning Agency (TRPA), and the Town of Truckee, have updated their codes to facilitate the development of Accessory Dwelling Units (ADUs). These changes are designed to align local regulations with state mandates, remove barriers to ADU construction, and address local housing needs.



A number of local jurisdictions voluntarily created pre-approved plans, including the multi-jurisdictional effort by Truckee, Nevada County, Placer, Sierra County, Grass Valley, and Nevada City. These plans have streamlined the building process and exempted smaller ADUs from impact fees. The Town of Truckee has incentives both for new unit creation and for bringing unpermitted units into compliance through after-the-fact permitting. TRPA has adjusted its regulations to permit up to two ADUs per parcel in California and provide development rights incentives. These coordinated efforts reflect a regional commitment to increasing affordable housing availability through flexible and supportive ADU policies, enhancing housing options for residents and workers in the North Lake Tahoe-Truckee area. More detail on each agency's efforts is outlined below.

**TABLE 2 – PLACER COUNTY CODE AND ADU INCENTIVES**

Date	Action	Description
2021	Introduction of Pre-Reviewed ADU Plans	Released new pre-reviewed ADU plans compliant with the 2022 California Building Standards Code to expedite approval and reduce costs.
2022	Promotion of Pre-Reviewed ADU Plans	Continued to promote and offer pre-reviewed ADU plans including engineering for snow loads and provisions for solar panels to help reduce construction and design costs.
2023	Regional Partnership for Free ADU Plans	Offered free accessory home building plans as part of a regional partnership aiming to reduce costs and streamline the building process.
2023	Zoning Ordinance Update	Updated zoning ordinance to allow ADUs in various zones including commercial and multifamily residential areas, removed owner-occupancy requirements for ADUs, and reduced setback requirements.
2023	Tahoe Basin Area Plan Update	Updated the Tahoe Basin Area Plan to include provisions for ADUs aligning with state law and local housing needs.

TABLE 3 – TOWN OF TRUCKEE CODE AND ADU INCENTIVES

Date	Action	Description
2019 & 2020	Updated ADU Development Standards	Updated development standards for ADUs, including size, height, setback, and parking requirements, to comply with state laws that became effective 1/1/2020.
2020	Implementation of ADU Program and staff	Launched the ADU program to increase the inventory of affordable homes for the local workforce, allowing for both new construction and legalization of existing unpermitted units, including an expansive ADU website and dedicated senior planner for ADU permitting and technical assistance.
2020	Introduction of ADU Fee Schedule	Established a fee schedule for ADU permits, to provide cost predictability for property owners, reflecting the State-mandated development impact fee exemption for units under 750 square feet.
2022	Updated ADU Ordinance	Updated the ADU ordinance and development standards to comply with Assembly Bill 2221 and Senate Bill 897, which became effective 1/1/2023. This addressed modifications to height limits, setbacks, parking exemptions, permit processing regulations, timing for ADUs on multifamily lots, fire sprinkler exemption, etc. and other Truckee-specific modifications to provide more flexibility.
2022	Promotion of ADU Incentive Programs	Continued promotion of financial incentives, such as loans and mini grants, to encourage the creation of new ADUs and legalization of unpermitted ADUs.
2023	Pre-Approved ADU Master Plans	Worked with five other local jurisdictions in the area to provide pre-approved ADU master plans to streamline the permitting process and reduce costs for homeowners.
2023	Expansion of ADU Loan Programs	Expanded loan and grant programs to provide forgivable and low-interest loans for the creation of new and unpermitted ADUs and expanded grant programs to help offset permitting costs.

2023	Integration with Regional Housing Efforts	Collaborated with regional partners to align ADU policies and streamline processes, making it easier to build and finance ADUs across multiple jurisdictions, including Placer County and Nevada County.
2024	Prefab ADU Resource Page	Created a resource webpage of prefabricated (modular and kit) ADU manufacturers that can meet Truckee's building requirements, including high snow and wind loads. Prefab units often provide cost predictability in comparison to site-built and reduce design costs, construction costs, and total timelines for construction during the winter season.
Ongoing	ADU Webinars	Since 2020, Truckee has held a number of webinars to educate homeowners, renters, design professionals, and contractors about the ADU permitting process and factors to consider.
Ongoing	ADU Ordinance Updates	Truckee's ADU ordinance is updated regularly to comply with new legislation, to provide more flexibility, and to clarify standards.

**TABLE 4 – NEVADA COUNTY CODE AND ADU INCENTIVES**

<b>Date</b>	<b>Action</b>	<b>Description</b>
2020	ADU Program Enhancement	Updated regulations to streamline ADU construction, including clear guidelines for converting existing spaces into ADUs.
2021	Streamlined Permitting Process	Implemented a more efficient permitting process for ADUs to reduce approval times and costs.
2022	Pre-Approved Plans Availability	Released pre-approved ADU plans to simplify and expedite the construction process for homeowners.
2023	Adoption of 2022 Building Code	Enforced the 2022 Edition of the Building Code, which includes updated standards for ADU construction.

2023	Fee Reductions and Financial Incentives	Offered financial incentives and reduced fees for ADU construction to make it more affordable for homeowners.
March 2024	Updated Development Standards	Revised ADU standards, including increasing maximum unit size and creating a category for minor ADUs. Introduced a by-right approval process for certain properties.

**TABLE 5 – TRPA CODE AND INCENTIVES**

Date	Action	Description
2021	Allowance of ADUs	Allowed up to two ADUs per parcel in California residential areas within TRPA jurisdiction. In Nevada, ADUs are permitted only on parcels larger than one acre.
Ongoing	Development Rights and Bonus Units	Provided free bonus Residential Units of Use (RUUs) for ADUs meeting specific criteria, such as proximity to transit stops or town centers.
Ongoing	Coverage and Development Rights Requirements	ADUs must comply with coverage regulations and development rights requirements. Deed-restricted ADUs mandated on parcels with low land capability ratings.
Ongoing	Mitigation Fees Adjustments	ADUs require development rights like other residential units. Mobility and water quality fees apply but may be reduced in low-vehicle-mile areas.
2024	Technical Amendments to Phase 2 Housing Amendments	Introduced technical clarifications to housing amendments, including mandatory participation in stormwater collection and treatment systems for coverage incentives, and clarified regulations for ADUs and affordable housing deed restrictions.

## **VIII. STATE AND LOCAL ADU DATA**

### **Statewide Survey Data on ADUs**

Statewide survey data provides valuable insights into the broader trends and challenges associated with ADU development. The data underscores the significant impact of state legislation and incentives in promoting ADU development across California. Reports from the Turner Center and Cottage reveal that legislative changes since 2017, such as SB 13, AB 68, and AB 881, have streamlined the approval process, reduced fees, and encouraged homeowners to build ADUs. Data show these legislative changes led to a significant increase in both the number of ADU permits granted and the number of ADUs constructed in California. As Figure 1 shows, between 2019 and 2022, ADU permitting grew by 88% and construction by nearly 200%.

FIGURE 1 – ADUS PERMITTED AND CONSTRUCTED IN CALIFORNIA

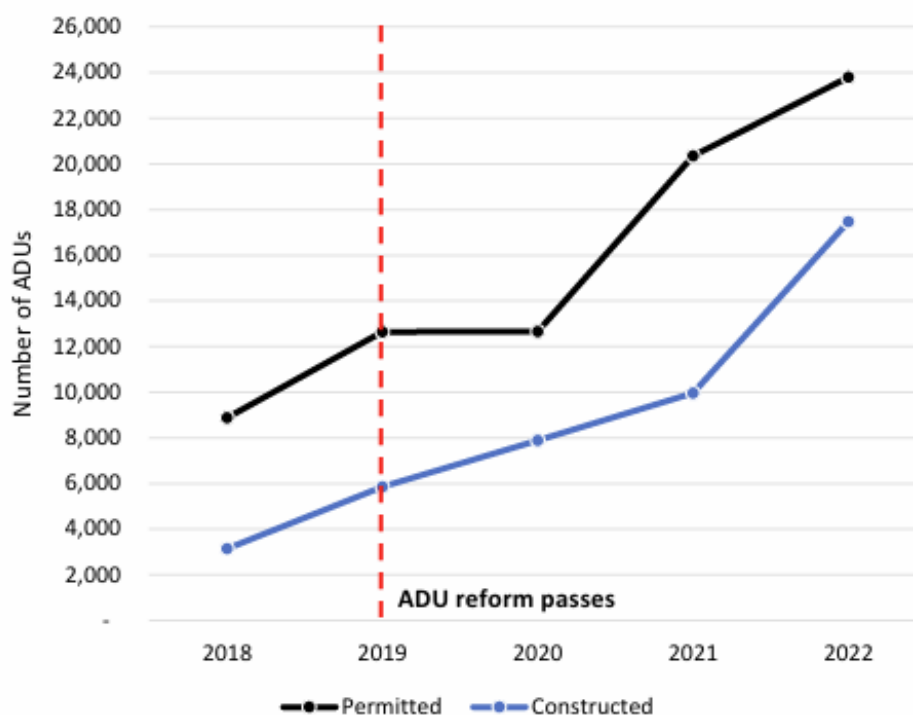
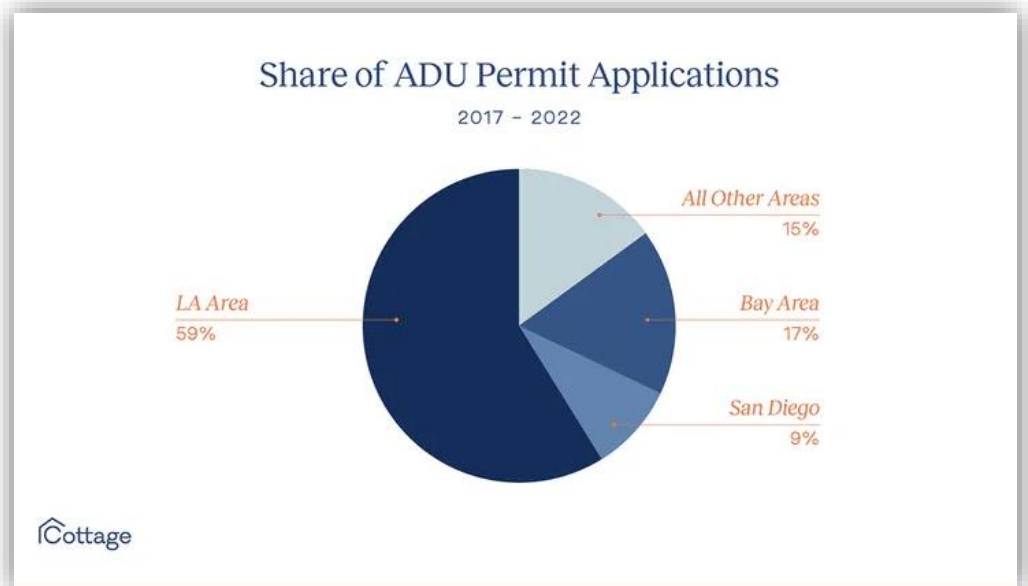


Chart reproduced from ["The Promising Results of Accessory Dwelling Unit Reform,"](#) Cato Institute.  
Data source: ["Annual Progress Reports - Data Dashboard and Downloads,"](#) California Department of Housing and Community Development.

Southern California, and particularly the Los Angeles Metro area, continues to lead the pack regarding total ADUs permitted and built. Over the past five years, the LA area has consistently received over half – about 60% – of California’s ADU permit applications. During the same period, LA saw 39% more ADU permit applications per capita than the statewide average – and this trend continues in more recent years.

FIGURE 2 – ADU PERMIT APPLICATION DISTRIBUTION IN CALIFORNIA

Despite the progress made, surveys and state data indicate ongoing challenges in ADU development. High construction costs, difficulties in securing financing, and complex local permitting processes continue to hinder widespread adoption.



The 2023 Cottage report reveals that for every ADU completed, three permits were submitted but not built, highlighting a significant gap between intent and realization. The following survey data shows progress since 2020 but also highlights continued challenges with ADU development.

### **Turner Center for Housing Innovation at UC Berkeley:**

- A 2020 survey by the Turner Center indicated that the number of ADU permits issued across California has increased significantly since the legislative changes in 2017.
- The survey highlighted that, while legislative changes have reduced barriers, the high cost of construction remains a primary challenge.
- Over 50% of respondents cited financing as a major obstacle, with many homeowners unable to secure adequate funding for their projects.
- The report also highlighted the need to provide funding options to lower – and moderate-income households.

More detail can be found here - <https://turnercenter.berkeley.edu/blog/cci-adu-survey/>

### **California Department of Housing and Community Development (HCD):**

- HCD's 2021 report showed that ADUs accounted for a substantial portion of new housing units in many jurisdictions.
- The report underscored the need for continued financial incentives and technical assistance to support ADU construction.

### **American Planning Association (APA):**

- A survey by the APA revealed that many local governments are still adapting to state laws, and further alignment is necessary to streamline the ADU approval process.

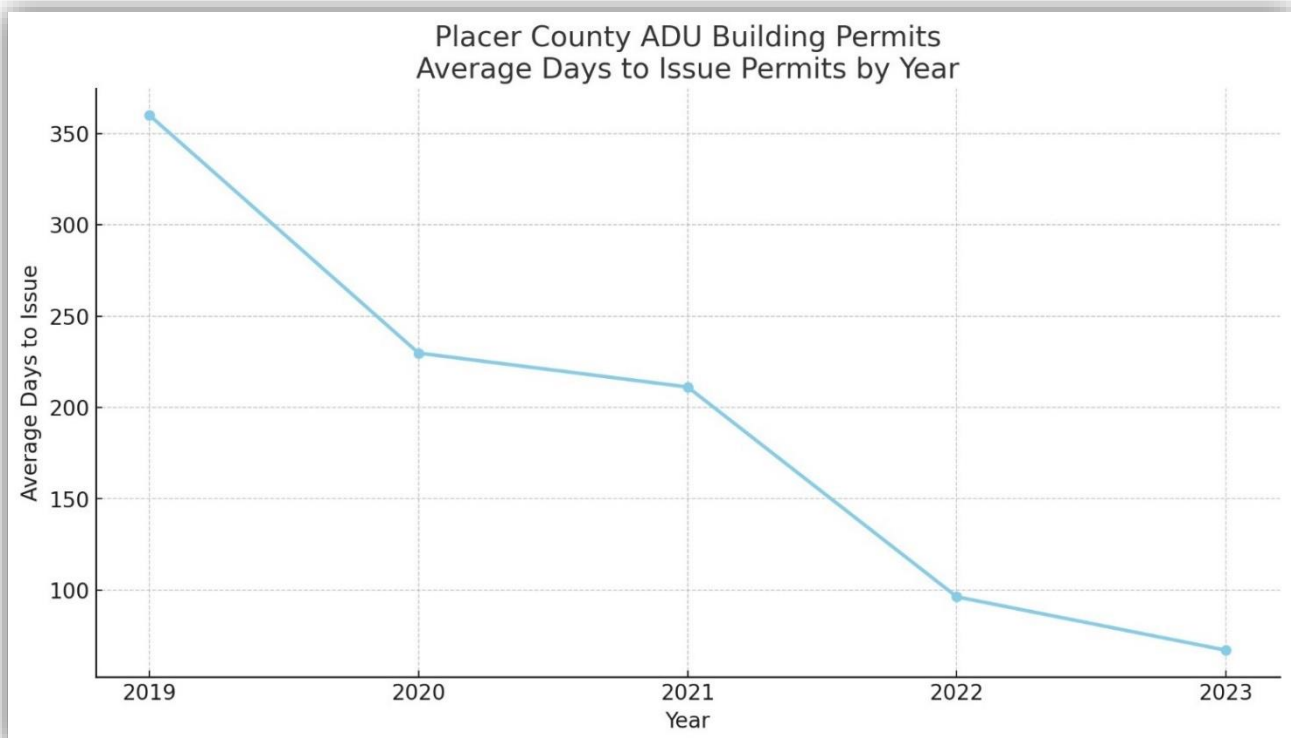
### **LOCAL ADU DATA**

Data from local land use agencies also shows an increase in the number of ADUs permitted and constructed from 2020 to 2023.

**TABLE 6 – ADU BUILDING PERMITS ISSUED BY YEAR**

<b>Jurisdictions</b>	<b>Permits Issued 2020</b>	<b>Permits Issued 2021</b>	<b>Permits Issued 2022</b>	<b>Permits Issued 2023</b>	<b>Total Permits Issued</b>
Eastern Placer County	3	7	11	4	25
Town of Truckee	15	17	26	32	90

The data on ADU permit issuance from 2020 to 2023 shows a notable increase in permits over the years. The overall increase likely reflects the impact of state legislation, local code changes, and incentives aimed at promoting ADU construction outlined above. Additionally, permit processing times play a crucial role in influencing ADU production, as they directly impact the feasibility and appeal of undertaking such projects. Quick and efficient processing times can significantly reduce the uncertainty and financial burden associated with ADU construction, making it more attractive for homeowners. Figure 3 shows a marked decrease in the time required to issue permits, dropping from an average of over 350 days in 2019 to less than 100 days in 2023.



**FIGURE 3 – AVERAGE NUMBER OF DAYS TO ISSUE BUILDING PERMITS**

This downward trend indicates successful efforts by Placer County to streamline and expedite the ADU permitting process, likely influenced by state legislation, local code updates, and various incentives aimed at promoting ADU development. However, it is important to note that some permits still take longer to process, despite the overall reduction in average processing times. These lingering delays can be attributed to the varying complexity of individual applications, as some ADU projects may require more extensive review and approval processes.



## **IX. CHALLENGES AND OPPORTUNITIES**

Despite significant efforts by state and local agencies to facilitate the construction of Accessory Dwelling Units (ADUs) through legislative changes and incentives, substantial challenges persist in the Tahoe-Truckee region. State laws such as SB 13, AB 68, and AB 881 have streamlined approval processes, reduced fees, and relaxed owner-occupancy requirements, while local measures in Truckee and Placer County have aligned with these state initiatives by updating zoning codes and offering financial incentives. However, several factors continue to impact ADU development including:

1. High construction costs;
2. Difficulty in obtaining permits from the local jurisdiction and/or a homeowners association;
3. Challenges navigating the permitting and construction process;
4. High interest rates;
5. Lack of information or experience in developing ADUs;
6. Deed restriction concerns;
7. Local knowledge and interpretation of California ADU legislation.
8. Increased cost of property tax reassessment due to new construction and/or the adjustment for having a rental income potential on the property; and
9. Increased cost of homeowners insurance for having a second dwelling on the property

These obstacles highlight the need for ongoing collaboration and innovative solutions to fully realize the potential of ADUs as a viable solution to the housing crisis.

## **X. LEARNING FROM OTHER COMMUNITIES**

### **Los Angeles**

Los Angeles has been a leader in ADU development, significantly increasing the number of permits issued since state laws were enacted to streamline the process.

Strategies and Successes:

- **Streamlined Permitting Process:** Los Angeles implemented an expedited permitting process, reducing the time required for approvals.
- **Pre-Approved ADU Plans:** The city offers pre-approved ADU designs to simplify the building process for homeowners.

- **Public Awareness Campaigns:** The city conducted outreach campaigns to educate homeowners about the benefits and processes of building ADUs.

#### Results:

- From 2017 to 2023, Los Angeles saw a dramatic increase in ADU permits issued, from 2,342 in 2018 to 7,500 in 2023.
- ADUs accounted for a significant portion of new housing units in the city, contributing to the overall housing supply and offering more affordable housing options.

### **San Francisco**

San Francisco has also seen a substantial increase in ADU construction, particularly through policy changes and incentives tailored to its unique urban environment.

#### Strategies and Successes:

- **Flexible Zoning Laws:** San Francisco revised its zoning laws to allow ADUs in more areas, including multifamily and commercial zones.
- **Technical Assistance:** The city provides technical assistance and resources to homeowners, helping them navigate the complexities of ADU development.
- **Financing Options:** San Francisco introduced various financing options, including loans and grants, to help homeowners cover the costs of ADU construction.

#### Results:

- San Francisco saw a steady increase in ADU permits, from 1,338 in 2018 to 1,600 in 2023.
- The city's efforts helped mitigate the housing shortage and provided additional rental units in high-demand areas.

### **San Diego**

San Diego has embraced ADUs as a key component of its housing strategy, implementing several initiatives to encourage their development.

#### Strategies and Successes:

- **Permit Ready Program:** San Diego offers a Permit Ready ADU Program (PRADU) that provides pre-approved ADU plans, saving time and money for homeowners.
- **Educational Workshops:** San Diego hosts workshops and provides resources to educate homeowners about the ADU development process.
- **Supportive Legislation:** Local ordinances were updated to comply with state laws, facilitating easier ADU approvals.

#### Results:

- San Diego saw an increase in ADU permits from 869 in 2018 to 2,300 in 2023.
- The city's Permit Ready ADU Program significantly reduced the time and cost of developing ADUs, making them more accessible to homeowners.

### **Santa Cruz**

Santa Cruz has been proactive in promoting ADUs to address housing shortages, leveraging both policy changes and community engagement.

#### Strategies and Successes:

- **ADU Development Program:** Santa Cruz created an ADU Development Program that includes design templates and a comprehensive guide for homeowners.
- **Incentives and Rebates:** The city offers incentives such as fee waivers, rebates for energy-efficient ADUs, and low-interest loans.
- **Flexible Standards:** Santa Cruz adopted flexible standards for ADU sizes and setbacks, making it easier for homeowners to add ADUs on their properties.
- **Community Outreach:** The city engaged the community through workshops and informational sessions, fostering greater acceptance and participation in ADU development.

#### Results:

- Santa Cruz issued over 500 ADU permits between 2018 and 2023, significantly increasing the local housing supply.

- The incentives and community outreach efforts led to a high rate of ADU completions, providing much-needed affordable housing options.

## **Oakland**

Oakland has implemented several initiatives to promote ADU construction, leveraging policy changes and community engagement to increase housing options.

### Strategies and Successes:

- **Pre-Approved ADU Plans:** Oakland offers pre-approved ADU designs to expedite the permitting process.
- **Fee Waivers:** The city waived certain fees for ADU construction to reduce financial barriers for homeowners.
- **Technical Assistance:** Oakland provides technical support and guidance to homeowners throughout the ADU development process.
- **Zoning Reforms:** The city reformed zoning regulations to allow ADUs in more residential areas and reduce minimum lot size requirements.

### Results:

- Oakland saw a significant increase in ADU permits issued, from 739 in 2018 to 1,000 in 2023.
- The city's initiatives have contributed to a more diverse and affordable housing stock, helping to alleviate the housing crisis.

## **Sacramento**

Sacramento has focused on simplifying the ADU development process and providing financial incentives to encourage homeowners to build ADUs.

### Strategies and Successes:

- **Streamlined Approval Process:** Sacramento implemented a streamlined approval process for ADU permits, reducing bureaucratic hurdles.
- **Financial Incentives:** The city offers grants and low-interest loans to help homeowners finance ADU construction.
- **Community Workshops:** Sacramento conducts workshops to educate homeowners about ADU benefits and the development process.

- **Flexible Design Standards:** The city adopted flexible design standards to accommodate various types of ADUs, including conversions of existing structures.

#### Results:

- Sacramento saw an increase in ADU permits from 146 in 2018 to 340 in 2023.
- The streamlined process and financial incentives have made it easier for homeowners to add ADUs, expanding the city's affordable housing options.

### **Long Beach**

Long Beach has embraced ADU development as a strategy to increase housing affordability and availability, implementing several supportive measures.

#### Strategies and Successes:

- **Expedited Permitting:** Long Beach introduced an expedited permitting process for ADUs, reducing approval times.
- **Fee Reductions:** The city reduced development fees for ADUs, making them more cost-effective for homeowners.
- **Public Information Campaigns:** Long Beach conducted public information campaigns to raise awareness about the benefits of ADUs.
- **Design Flexibility:** The city offers flexibility in ADU design standards, allowing for a range of unit sizes and configurations.

#### Results:

- Long Beach saw a steady rise in ADU permits issued, from 210 in 2018 to 450 in 2023.
- The city's efforts have led to an increase in affordable housing units, providing more options for residents.

## **XI. RECOMMENDATIONS**

Increasing the number of ADUs in the Tahoe-Truckee region presents a significant opportunity to address the area's housing shortages and provide more housing options. Despite the positive impact of recent state and local legislative changes, several challenges still hinder widespread ADU development. To overcome these obstacles and unlock the full potential of

ADUs, it is essential to implement targeted recommendations that address these specific issues.

The following strategies aim to streamline the ADU development process, reduce financial burdens, and increase awareness and support for homeowners, ultimately fostering a more supportive environment for ADU construction in the Tahoe-Truckee region. Furthermore, emphasizing a connection between incentives and an occupancy component can help ensure that ADUs contribute meaningfully to local housing needs.

### **Finance Support**

- **Partner with Banks for Low-Interest Loans (CRA Focus):** Collaborate with local banks to create low-interest loan programs for ADU construction. These loans would help banks meet their Community Reinvestment Act (CRA) obligations while providing homeowners with more affordable financing options.
- **Offer Grants and Subsidies:** Implement grant programs that provide financial assistance for low- and moderate-income homeowners to cover pre-development and construction costs. While these groups may face the greatest financial barriers, conversations with homeowners suggest that even higher-income owners—who may not need the rental income—are more likely to build ADUs when financial incentives are offered upfront.
- **Implement Scaled Incentive Program Based on Deed Restrictions:** Offer financial incentives based on the type of deed restriction homeowners agree to. For example:
  - Higher incentives for deed restrictions limiting tenants to 80% or less of the Area Median Income (AMI).
  - Moderate incentives for deed restrictions that require tenants to be local workforce members, without specific income restrictions.
- **Provide Financial Counseling for Homeowners:** Offer financial counseling services to help homeowners understand their financing options, manage construction costs, and plan for long-term rental income. This support can assist those who may need extra guidance through the ADU development process.

### **Reduce Construction Costs**

- **Promote Modular ADUs:** Encourage the use of modular and prefabricated ADUs to reduce construction time and costs. Provide

information on certified modular ADU providers that meet snow load requirements. (Truckee has this info on their website- <https://townoftruckee.gov/638/Modular-and-Kit-ADUs>).

- **Bulk Purchasing Programs:** Establish bulk purchasing programs for building materials and services to reduce costs. This can be facilitated through partnerships with local suppliers and contractors.
- **Provide Pre-Approved Plans:** Offer a variety of pre-approved ADU designs that comply with local building codes and environmental regulations. This reduces the need for custom design work and speeds up the permitting process.

### **Develop Fee Waiver Programs**

- **Establish Fee Waiver Programs:** Advocate for local governments to waive or reduce development fees for ADU construction, such as permit fees, impact fees, and utility connection fees. This helps reduce upfront costs, making ADU projects more affordable for homeowners.
- **Implement Backfill or Reimbursement Programs:** Create programs where homeowners can get reimbursed for certain fees after the ADU is completed or offset these costs through grants or subsidies. This approach provides flexibility for both homeowners and local governments.
- **Create Targeted Fee Waivers Based on Income or Use:** Offer tiered fee waivers based on how the ADU will be used or the homeowner's income. For example, ADUs rented to low- or moderate-income tenants or those with affordable housing deed restrictions could qualify for full or partial fee waivers.

### **Continue Streamlining Permitting Processes and Provide Technical Assistance**

- **Provide One-on-One Technical Assistance:** Offer technical assistance to homeowners, like the support provided by Hello Housing. This includes guidance on navigating zoning regulations, coordinating with architects and contractors, and troubleshooting issues that may arise during the permitting or construction process.

- **Develop Clear Permitting Communication Tools:** Create easy-to-understand guides, flowcharts, and checklists that walk homeowners through the ADU permitting process step-by-step. These tools should outline required documents, timelines, fees, and potential challenges to ensure homeowners know what to expect at each stage.

### **Increase Community Knowledge and Awareness**

- **Educational Workshops and Webinars:** Host regular workshops and webinars to educate homeowners about the benefits, processes, and financial aspects of building ADUs. Collaborate with local experts, contractors, and financial advisors to provide comprehensive information.
- **Public Awareness Campaigns:** Launch targeted campaigns to raise awareness about ADUs, their benefits, and the available support. Use social media, local media, and community events to reach a wider audience.
- **Partner with Local Real Estate Agents and Builders:** Engage real estate professionals and builders to help spread the word about ADUs. Provide them with educational materials they can share with clients interested in adding ADUs to their properties
- **ADU Open Houses or Tours:** Partner with homeowners who have built ADUs to offer tours or virtual open houses, allowing the community to see examples of ADUs in different styles and sizes.

Implementing these targeted recommendations can help address the specific challenges of financing, knowledge gaps, construction costs, regulatory barriers, and infrastructure limitations, ultimately increasing the number of ADUs in the Tahoe-Truckee region.